

U.S. Exporters: Don't Let It Be "All Greek" to You!

By Danae Synodinou

With a gradually improving economy and a shifting market structure, the business landscape of today's Greece is changing, creating exciting opportunities for U.S. consumer food exporters.

Fundamental economic changes are altering lifestyles, increasing incomes and heightening demand for food convenience and variety. So although, in the past, Greece has offered limited prospects for U.S. consumer food sales, several factors are transforming it into a market of promise.

The Greek Economy

Greece has a population of 10.6 million, a workforce of about 4 million and an unemployment rate of roughly 10.5 percent. Per capita gross domestic product (GDP) reached \$12,480 in 1999; although lower than that of many members of the European Union (EU), this figure shows a considerable gain from the country's year-earlier figure, \$11,335. Moreover, Greece's GDP growth exceeds the EU average, so the country is catching up with the more prosperous members.

Like many of its neighbors, Greece is making the transition from a centrally planned, largely government-controlled economy to one that is more market oriented. The state sector makes up 45 percent of GDP, and the private sector 55 percent. Services make up the largest and fastest growing sector of the Greek economy, accounting for roughly 68 percent of GDP. Tourism, transportation, trade, banking, communications and con-



GREECE OFFERS STRONG PROSPECTS FOR FROZEN FOODS, TREE NUTS, PULSES, BEVERAGES, MEAT, DAIRY AND SEAFOOD.

struction constitute the largest service sub-sectors.

Greece is a major beneficiary of EU aid, which makes up about 4 percent of the country's GDP. In 1994-99, about \$20 billion in EU funds went for major infrastructure projects (road and rail networks, port facilities, airports and telecommunications). For 2000-06, Greece is getting another \$22 billion in EU structural funds.

The country's economy has improved steadily in the past few years, with the government tightening monetary policy, which allowed it to join the EU's single currency—the euro—this year. Greece has reduced its budget deficit and trimmed inflation.

Olympic Incentives

Tourism has long been a mainstay of the Greek economy. Today, the sector provides not only a large portion of GDP and foreign exchange earnings, but also the strong likelihood of future expansion. Greece can count on the drawing power of its rich heritage, embodied by sites of such historic and cultural significance as Athens, Crete and Rhodes.

The selection of Greece to host the 2004 Summer Olympic Games has given the country considerable impetus to speed up its modernization and development efforts. Infrastructure projects in preparation for the big event are providing jobs and attracting service and support businesses. The number of tourists visiting Greece will likely skyrocket from 11 million in a typical year to over 25 million the year of the Games.

Constraints, Conditions and Keys

As an EU member, Greece conforms to EU packaging and labeling requirements. New-to-market food products require approval by Greece's Supreme General State

Laboratory. Products that comply with the current Food Code do not need special permits to be imported and marketed.

Trade between EU members is duty-free. Import duties on products from non-EU countries vary with product classification and country of origin, although average tariffs remain high for some products. Imports are also sometimes subject to other surcharges.

Not surprisingly, Greece conducts most of its trade with its fellow EU members, which provide about 63 percent of its imports. The United States, by contrast, supplies 4 percent, mainly in the form of soybeans, seeds, forest products, vegetable oils, cereals, dried fruits and nuts, fish, pulses and beverages.



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The key to success in this market is to have an experienced agent or joint-venture partner, with substantial experience and an extensive sales and service network. Agents usually conduct promotions for the products they import.



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The same local representatives that supply supermarkets often import for convenience stores, either directly or through wholesalers. Some supermarket chains also act as importers.

Product Prospects

Now for a run-down of products with good sales potential:

- **Frozen food** is one of the fastest growing markets, now that 30 percent of Greek households have microwaves and freezers. Vegetables, french fries, dough, meat and meat products have especially strong prospects.
- **Frozen seafood** is already a \$47.5 million annual market. Fish, squid and other types of seafood are perennial favorites in the Greek diet, and per capita consumption averages 24 kilograms per year.
- **Tree nuts** are a big favorite with Greek consumers. Although the country already has one of the world's highest per capita consumption rates—8 kilograms per year—demand continues to rise slowly in

Gargantuan Shifts

With the emergence of new international chains and mergers of existing companies, the retail food sector in Greece is changing rapidly. So far, Greek supermarkets number 2,700—including 88 cash-and-carry operations, big shops selling products in large packages to wholesalers. Supermarkets and their smaller branches are replacing more traditional stores in many areas.

Discount chains are also reshaping the market. French retail giant Carrefour entered the market in 1999, acquiring the Greek firm Promodes and collaborating with Marinopoulos, Greece's biggest chain. The

resulting chain will own and operate 133 supermarkets and 4 hypermarkets. Other supermarkets, traditional markets and outlets will have to compete with the lower prices and varied services that the new chain can provide.

Greece now has several major and fiercely competitive fast food chains, including Goody's, McDonald's, Everest and Grigoris Mikrogevmeta. The number of outlets and the value of their sales will likely continue to expand over the next several years, particularly in conjunction with the Olympics.

the food and confectionery industry and in the snack food sector. Almonds, walnuts, peanuts and pistachios are the most popular.

- **Pulses**, especially lentils and beans, have good potential. Declining domestic production, plus demand spurred by the reputation of pulses as healthy food, favor imports.
- **Meat** (including beef, pork and lamb) constitutes one of Greece's main foods, and the country averages 80 kilograms per capita in meat consumption. Moreover, meat demand will likely expand as incomes grow. In addition to the retail sector, meat (especially high-quality beef) has very good potential in the hotel and restaurant sector.
- **Organic foods** have some potential, thanks to demand for diet and health products.
- **Wine, beer, juice and soft drinks** have considerable potential. Wine consumption stands at 31.4 liters per capita. Greece presents a varied market for beer, importing more than 130 brands with demand still climbing. The juice and soft drink

market has grown steadily over the past decade. The Summer Olympics will likely give the whole beverage sector a big boost.

- **Dairy products** constitute another important food category. By weight, over 17 percent of the average Greek's food consumption comes from dairy products. Cheese products hold a particularly noteworthy position in Greek supermarkets, accounting for about 12 percent of sales. Greeks are among the biggest cheese consumers in the world, with per capita consumption of 25 kilograms. Ice cream sales, although limited by seasonal demand and per capita consumption of 5 liters a year, seem ready to increase, particularly during the Olympics. ■

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